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## **South Africa, Republic of**

### **Tree Nuts**

### **Macadamia Update**

**2003**

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#### **Report Highlights:**

**This report updates the 2003 Annual Macadamia Report with data on a wet-in-shell (WIS) basis. South Africa's total CY2003 macadamia crop is estimated at 14,000 tons WIS (3,100 kernel tons), about 22% increase from 2002 because of good soil moisture content, favorable temperatures, and increased bearing trees. The macadamia industry plans to be regulated under the Agricultural Products Standards Act to ensure discipline for chemical residues. The industry is benefiting from a 5 million Euro subsidy for pest control to adapt to changes in chemical rules in the EU.**

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Includes PSD changes: Yes  
Includes Trade Matrix: Yes  
Unscheduled Report  
Pretoria [SF1], SF

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## **Executive Summary**

South Africa's total CY2003 macadamia crop is estimated at 14,000 tons WIS (3,100 kernel tons), about a 22% increase from 2002 because of good soil moisture and favorable temperatures and continued increase in bearing trees.

CY 2002 output rose 6 percent to 11,463 tons WIS(2,878 kernel tons) because of strict quality standards and better management. Growth for Dry in Shell (DIS) was 7.9% and total kernel recovery ( as percentage of DIS) remained the same as a year earlier at 31%(percentage of DIS). Percentage Sound Kernel Rate increased by 5.3, UnSound Kernel Rate (USKR) dropped by 23.4 which in turn decreased the unsound total kernel by 24.9%.

Production in 2001 decreased marginally to 10,789 tons compared to 2000. However, kernel production rose by 3% largely due to improved post-harvest handling practices and on-farm drying and storage methods over the past two seasons.

## Production

PSD Table						
Country	South Africa, Republic of					
Commodity	Macadamia, Inshell Basis				(HA)(1000 TREES)(MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2002		01/2003		01/2004
Area Planted	6750	6750	7100	6900	0	7000
Area Harvested	3000	3000	3100	3100	0	3150
Bearing Trees	1000	1000	1080	1080	0	1100
Non-Bearing Trees	1700	1600	1760	1720	0	1800
Total Trees	2700	2600	2840	2800	0	2900
Beginning Stocks	300	1500	400	463	400	741
Production	11000	11463	12000	14000	0	14700
Imports	0	0	0	0	0	0
TOTAL SUPPLY	11300	12963	12400	14463	400	15441
Exports	10400	11000	11400	11900	0	12500
Domestic Consumption	500	1500	600	1822	0	2200
Ending Stocks	400	463	400	741	0	741
TOTAL DISTRIBUTION	11300	12963	12400	14463	0	15441

CY 2003 is expected to enjoy good weather with increased production compared to last year. Early indicators based on flowering and fruit settings point to a Wet in Shell production increase of about 22%.

N.B. Data for all three marketing years were revised on a wet-in-shell basis.

### MACADAMIA PRODUCTION 1998 TO 2003

Year	DIS Tons	WIS Tons	Kernel Tons
1998	6,265	6,835	1529
1999	6,505	7,353	1511
2000	9,742	10,889	2461
2001	9,671	10,789	2530

2002	10,439	11,463	2,878
2003est	12,700	14,000	3,100

Despite an insignificant decrease in WIS processed in 2001 compared with 2000, kernel production increased by 3% from a year earlier largely due to improved post-harvest handling practices and on-farm drying and storage methods over the past two seasons.

The table below indicates the estimated tree numbers in thousands by age group as of January 1, 2003

#### NUMBER OF TREES('000) BY AGE GROUPS

	2000	2001	2002est	2003est
Age group in years	Total trees '000			
0 - 5	1231	1464	1586	1769
6 - 10	436	528	572	638
11 - 20	250	288	312	348
21 +	106	120	130	145
Total	2023	2400	2600	2900

source: SAMAC

#### PROJECTIONS FOR TOTAL KERNEL PRODUCTION

YEARS	KERNEL PRODUCTION ( TONS)
2001	2,500
2002	3,000
2003	3,500
2004	4,200
2005	5,000
TOTAL	18,200

source: SAMAC

## Consumption

CY 2003 domestic consumption is estimated to increase by about 20% as more trees come into production and because of increasing demand.

## Trade

Export Trade Matrix			
Country	South Africa, Republic of		
Commodity	Macadamia, Inshell Basis		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	6140	U.S.	5775
Others		Others	
Europe	2100	Europe	2835
Asia	1094	Japan	1260
Total for Others	3194		4095
Others not Listed	208		156
Grand Total	9542		10026

source:SAMAC

### PRINCIPAL EXPORT MARKETS ( in WIS Tons)

Countries	2002*	2003*
North America	5,720	6,069
EU	2,640	2,737
Japan	1,650	2,023
Total Listed	10,010	10,829

Total not Listed	990	1,071
Grand Total	11,000	11,900

\*Estimates as supplied by SAMAC

CY2003 demand patterns and prices are expected to be firm.

The following table shows total South African macadamia production since 1998 on a dry-in- shell basis as well as estimated farm gate prices.

Year	Production, D.I.S. ( Tons)	Production WIS (Tons)	Farm Gate Price (Rand/kg)	Farm Gate Price (AU. \$/kg)
1998	6265	6,835	5.63	2.40
1999	6505	7,353	6.00	2.00
2000	9742	10,889	6.60	2.15
2001	9671	10,789	8.50	2.55
2002	10439	11,463	13.00	2.60
2003	12700	14,000		

source:SAMAC

## Policy

The macadamia industry plans to be regulated under the Agricultural Products Standards Act to improve discipline in dealing with standards for chemical residues. The Act ensures that agricultural products meet certain quality criteria for local sales and exports. The EU allocated 5 million Euro to fund the Pest Initiative Program that prepares countries to adapt to changes to chemical rules in the EU.

The Macadamia industry is an independent organization which is free from government intervention and is funded by its members' levy that is mainly used for research.

The SA macadamia industry complies with the ISO 9002 grading standards.

## Marketing

SAMAC is planning a tour to the International Macadamia Symposium on 30 September to 4 October 2003 which will be held in Amsterdam.

Macadamia growers deliver their produce after on-farm de-husking, as Nut-in-Shell (N.I.S.) at moisture contents

varying from 7 to 20%, to any of the five major processing facilities. One of the processing plants is used as a toll cracking facility where producers deliver N.I.S. to the factory, have them cracked and packed before being shipped to the markets. The nuts are marketed through the South African Dried Fruit Cooperative (SAD) in raw or roasted form. Currently, South Africa has 8 processing plants ( 1,000 and 2,000 tons DIS/annum capacity) that produce 10,500 tons DIS / 11,550 WIS